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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78353; File No. SR-BOX-2016-32]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Pilot Programs That Permit the Exchange to Have No Minimum Size Requirement for Orders Entered Into the PIP and COPIP

July 18, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 11, 2016, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to extend the pilot programs that permit the Exchange to have no minimum size requirement for orders entered into the PIP (“PIP Pilot Program”) and COPIP (“COPIP Pilot Program”). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at <http://boxexchange.com>.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to extend the PIP and COPIP Pilot Programs for an additional six months or until the date on which the pilot programs are approved on a permanent basis, whichever is earlier. The PIP and COPIP Pilot Programs are currently set to expire on July 18, 2016. The PIP and COPIP Pilot Programs allow the Exchange to have no minimum size requirement for orders entered into the PIP³ and the COPIP.⁴ The Exchange

³ The PIP Pilot Program is currently set to expire on July 18, 2016. See Securities Exchange Act Release Nos. 66871 (April 27, 2012) 77 FR 26323 (May 3, 2012) (File No.10-206, In the Matter of the Application of BOX Options Exchange LLC for Registration as a National Securities Exchange Findings, Opinion, and Order of the Commission), 67255 (June 26, 2012) 77 FR 39315 (July 2, 2013) (SR-BOX-2012-009) (Notice of Filing and Immediate Effectiveness of a Proposal To Extend a Pilot Program That Permits BOX to Have No Minimum Size Requirement for Orders Entered Into the Price Improvement Period), 69846 (June 25, 2013) 78 FR 39365 (July 1, 2013) (SR-BOX-2013-33) (Notice of Filing and Immediate Effectiveness of a Proposal To Extend a Pilot Program That Permits BOX to Have No Minimum Size Requirement for Orders Entered Into the Price Improvement Period), 72545 (July 7, 2014) 79 FR 40182 (July 11, 2014) (SR-BOX-2014-19) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to amend Interpretive Material to Rule 7150 (Price Improvement Period “PIP”) and Interpretive Material to Rule 7245 (Complex Order Price Improvement Period “COPIP”)), 73314 (October 7, 2014) 79 FR 61682 (October 14, 2014) (SR-BOX-2014-23) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Pilot Programs That Permit the Exchange To Have No Minimum Size Requirement for Orders Entered Into the PIP (“PIP Pilot Program”) and COPIP (“COPIP Pilot Program”) Until December 18, 2014), 73831 (December 12, 2014) 79 FR 75211 (December 17, 2014) (SR-BOX-2014-27) (Notice of Filing and Immediate

has been providing certain data to the Commission during the PIP and COPIP Pilot Programs. The proposed rule change retains the text of IM-7150-1 to Rule 7150 and IM-7245-1 to Rule 7245; and seeks to extend the operation of the PIP and COPIP Pilot Programs until January 18, 2017.

The Exchange notes that the PIP and COPIP Pilot Programs permit Participants to trade with their customer orders that are less than 50 contracts. In particular, any order entered into the PIP is guaranteed an execution at the end of the auction at a price at least equal to the national best bid or offer. Any order entered into the COPIP is guaranteed an execution at the

Effectiveness of a Proposed Rule Change To Amend Interpretive Material to Rule 7150 and Interpretive Material to Rule 7245 To Extend the Pilot Period That Permit the Exchange To Have No Minimum Size Requirement for Orders Entered Into the PIP and COPIP Until July 18, 2015), and 75480 (July 17, 2015) 80 FR 43803 (July 23, 2016)(SR-BOX-2015-27) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Pilot Programs that Permit the Exchange to Have No Minimum Size Requirement for Orders Entered into the PIP and COPIP Until July 18, 2016).

⁴ The COPIP Pilot Program is currently set to expire on July 18, 2016. See Securities Exchange Act Release Nos. 71148 (December 19, 2013) 78 FR 78437 (December 26, 2013) (SR-BOX-2014-23) (Notice of Filing of Amendment Nos. 1 and 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Permit Complex Orders to Participate in Price Improvement Periods), 72545 (July 7, 2014) 79 FR 40182 (July 11, 2014) (SR-BOX-2014-19) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to amend Interpretive Material to Rule 7150 (Price Improvement Period “PIP”) and Interpretive Material to Rule 7245 (Complex Order Price Improvement Period “COPIP”)), 73314 (October 7, 2014) 79 FR 61682 (October 14, 2014) (SR-BOX-2014-23) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Pilot Programs That Permit the Exchange To Have No Minimum Size Requirement for Orders Entered Into the PIP (“PIP Pilot Program”) and COPIP (“COPIP Pilot Program”) Until December 18, 2014), 73831 (December 12, 2014) 79 FR 75211 (December 17, 2014) (SR-BOX-2014-27) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Interpretive Material to Rule 7150 and Interpretive Material to Rule 7245 To Extend the Pilot Period That Permit the Exchange To Have No Minimum Size Requirement for Orders Entered Into the PIP and COPIP Until July 18, 2015), and 75480 (July 17, 2015) 80 FR 43803 (July 23, 2016) (SR-BOX-2015-27) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Pilot Programs that Permit the Exchange to Have No Minimum Size Requirement for Orders Entered into the PIP and COPIP Until July 18, 2016).

end of the auction at a price at least equal to or better than the cNBBO,⁵ cBBO⁶ and BBO on the Complex Order Book for the Strategy at the time of commencement.

The Exchange believes that extending the pilot period is appropriate because it will allow the Exchange the Commission additional time to analyze data regarding the PIP and COPIP Pilot Programs that the Exchange has committed to provide. As such, the Exchange believes that it is appropriate to extend the current operation of the Pilot Programs. The Exchange continues to believe that there remains meaningful competition for all size orders and there is significant price improvement for all orders executed through the PIP and COPIP; and that there is an active and liquid market functioning on the Exchange outside the PIP and COPIP auctions.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,⁷ in general, and Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism for a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the data demonstrates that there is sufficient investor interest and demand to extend the PIP and

⁵ As defined in BOX Rule 7240(a)(3), the term “cNBBO” means the best net bid and offer price for a Complex Order Strategy based on the NBBO for the individual options components of such Strategy.

⁶ As defined in BOX Rule 7240(a)(1), the term “cBBO” means the best net bid and offer price for a Complex Order Strategy based on the BBO on the BOX Book for the individual options components of such Strategy.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

COPIP Pilot Programs for an additional six months or until the date on which the pilot programs are approved on a permanent basis, whichever is earlier. The Exchange represents that the PIP and COPIP Pilot Programs are designed to create tighter markets and ensure that each order receives the best possible price.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that, by extending the expiration of the PIP and COPIP Pilot Programs, the proposed rule change will allow additional time to analyze data regarding the PIP and COPIP Pilot Programs that the Exchange has committed to provide.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁰

⁹ 15 U.S.C. 78s(b)(3)(a).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requested that the Commission waive the 30-day operative delay. The Exchange stated that the current PIP and COPIP Pilot Programs are set to expire on July 18, 2016. The Exchange stated that a waiver will permit the PIP and COPIP Pilot Programs to continue without interruption.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will allow the PIP and COPIP Pilot Programs to continue uninterrupted, thereby avoiding any potential investor confusion that could result from a temporary interruption in the pilot. Therefore, the Commission designates the proposed rule change to be operative on July 18, 2016.¹³

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ For purposes only of waiving the operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BOX-2016-32 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2016-32. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2016-32 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Robert W. Errett,
Deputy Secretary.

¹⁴ 17 CFR 200.30-3(a)(12).

